

109TH CONGRESS  
1ST SESSION

# S. 1303

To amend the Social Security Act to guarantee comprehensive health care coverage for all children born after 2006.

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IN THE SENATE OF THE UNITED STATES

JUNE 23, 2005

Mr. ROCKEFELLER (for himself, Mr. REED, Mr. LAUTENBERG, Mr. CORZINE, Mr. SARBANES, and Mr. KERRY) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Social Security Act to guarantee comprehensive health care coverage for all children born after 2006.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS; FINDINGS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “MediKids Health Insurance Act of 2005”.

6 (b) TABLE OF CONTENTS.—The table of contents of  
7 this Act is as follows:

Sec. 1. Short title; table of contents; findings.

Sec. 2. Benefits for all children born after 2006.

“TITLE XXII—MEDIKIDS PROGRAM

“Sec. 2201. Eligibility.

“Sec. 2202. Benefits.

“Sec. 2203. Premiums.

“Sec. 2204. MediKids Trust Fund.

“Sec. 2205. Oversight and accountability.

“Sec. 2206. Inclusion of care coordination services.

“Sec. 2207. Administration and miscellaneous.

Sec. 3. MediKids premium.

Sec. 4. Refundable credit for cost-sharing expenses under MediKids program.

Sec. 5. Report on long-term revenues.

1 (c) FINDINGS.—Congress finds the following:

2 (1) More than 9 million American children are  
3 uninsured.

4 (2) Children who are uninsured receive less  
5 medical care and less preventive care and have a  
6 poorer level of health, which result in lifetime costs  
7 to themselves and to the entire American economy.

8 (3) Although SCHIP and Medicaid are success-  
9 fully extending a health coverage safety net to a  
10 growing portion of the vulnerable low-income popu-  
11 lation of uninsured children, they alone cannot  
12 achieve 100 percent health insurance coverage for  
13 our nation’s children due to inevitable gaps during  
14 outreach and enrollment, fluctuations in eligibility,  
15 variations in access to private insurance at all in-  
16 come levels, and variations in States ability to pro-  
17 vide required matching funds.

18 (4) As all segments of society continue to be-  
19 come more transient, with many changes in employ-  
20 ment over the working lifetime of parents, the need  
21 for a reliable safety net of health insurance which

1 follows children across State lines, already a major  
2 problem for the children of migrant and seasonal  
3 farmworkers, will become a major concern for all  
4 families in the United States.

5 (5) The medicare program has successfully  
6 evolved over the years to provide a stable, universal  
7 source of health insurance for the nation's disabled  
8 and those over age 65, and provides a tested model  
9 for designing a program to reach out to America's  
10 children.

11 (6) The problem of insuring 100 percent of all  
12 American children could be gradually solved by auto-  
13 matically enrolling all children born after December  
14 31, 2006, in a program modeled after Medicare (and  
15 to be known as "MediKids"), and allowing those  
16 children to be transferred into other equivalent or  
17 better insurance programs, including either private  
18 insurance, SCHIP, or Medicaid, if they are eligible  
19 to do so, but maintaining the child's default enroll-  
20 ment in MediKids for any times when the child's ac-  
21 cess to other sources of insurance is lost.

22 (7) A family's freedom of choice to use other in-  
23 surers to cover children would not be interfered with  
24 in any way, and children eligible for SCHIP and  
25 Medicaid would continue to be enrolled in those pro-

1       grams, but the underlying safety net of MediKids  
2       would always be available to cover any gaps in insur-  
3       ance due to changes in medical condition, employ-  
4       ment, income, or marital status, or other changes af-  
5       fecting a child's access to alternate forms of insur-  
6       ance.

7               (8) The MediKids program can be administered  
8       without impacting the finances or status of the exist-  
9       ing Medicare program.

10              (9) The MediKids benefit package can be tai-  
11       lored to the special needs of children and updated  
12       over time.

13              (10) The financing of the program can be ad-  
14       ministered without difficulty by a yearly payment of  
15       affordable premiums through a family's tax filing (or  
16       adjustment of a family's earned income tax credit).

17              (11) The cost of the program will gradually rise  
18       as the number of children using MediKids as the in-  
19       surer of last resort increases, and a future Congress  
20       always can accelerate or slow down the enrollment  
21       process as desired, while the societal costs for emer-  
22       gency room usage, lost productivity and work days,  
23       and poor health status for the next generation of  
24       Americans will decline.

1           (12) Over time 100 percent of American chil-  
 2           dren will always have basic health insurance, and we  
 3           can therefore expect a healthier, more equitable, and  
 4           more productive society.

5 **SEC. 2. BENEFITS FOR ALL CHILDREN BORN AFTER 2006.**

6           (a) IN GENERAL.—The Social Security Act is amend-  
 7           ed by adding at the end the following new title:

8                           **“TITLE XXII—MEDIKIDS**  
 9   **PROGRAM**

10 **“SEC. 2201. ELIGIBILITY.**

11           “(a) ELIGIBILITY OF INDIVIDUALS BORN AFTER DE-  
 12           CEMBER 31, 2006; ALL CHILDREN UNDER 23 YEARS OF  
 13           AGE IN FIFTH YEAR.—An individual who meets the fol-  
 14           lowing requirements with respect to a month is eligible to  
 15           enroll under this title with respect to such month:

16                   “(1) AGE.—

17                           “(A) FIRST YEAR.—As of the first day of  
 18                           the first year in which this title is effective, the  
 19                           individual has not attained 6 years of age.

20                           “(B) SECOND YEAR.—As of the first day  
 21                           of the second year in which this title is effec-  
 22                           tive, the individual has not attained 11 years of  
 23                           age.

1           “(C) THIRD YEAR.—As of the first day of  
2           the third year in which this title is effective, the  
3           individual has not attained 16 years of age.

4           “(D) FOURTH YEAR.—As of the first day  
5           of the fourth year in which this title is effective,  
6           the individual has not attained 21 years of age.

7           “(E) FIFTH AND SUBSEQUENT YEARS.—  
8           As of the first day of the fifth year in which  
9           this title is effective and each subsequent year,  
10          the individual has not attained 23 years of age.

11          “(2) CITIZENSHIP.—The individual is a citizen  
12          or national of the United States or is permanently  
13          residing in the United States under color of law.

14          “(b) ENROLLMENT PROCESS.—An individual may  
15          enroll in the program established under this title only in  
16          such manner and form as may be prescribed by regula-  
17          tions, and only during an enrollment period prescribed by  
18          the Secretary consistent with the provisions of this section.

19          Such regulations shall provide a process under which—

20                 “(1) individuals who are born in the United  
21                 States after December 31, 2006, are deemed to be  
22                 enrolled at the time of birth and a parent or guard-  
23                 ian of such an individual is permitted to pre-enroll  
24                 in the month prior to the expected month of birth;

1           “(2) individuals who are born outside the  
2       United States after such date and who become eligi-  
3       ble to enroll by virtue of immigration into (or an ad-  
4       justment of immigration status in) the United  
5       States are deemed enrolled at the time of entry or  
6       adjustment of status;

7           “(3) eligible individuals may otherwise be en-  
8       rolled at such other times and manner as the Sec-  
9       retary shall specify, including the use of outstationed  
10      eligibility sites as described in section  
11      1902(a)(55)(A) and the use of presumptive eligi-  
12      bility provisions like those described in section  
13      1920A; and

14          “(4) at the time of automatic enrollment of a  
15      child, the Secretary provides for issuance to a parent  
16      or custodian of the individual a card evidencing cov-  
17      erage under this title and for a description of such  
18      coverage.

19      The provisions of section 1837(h) apply with respect to  
20      enrollment under this title in the same manner as they  
21      apply to enrollment under part B of title XVIII. An indi-  
22      vidual who is enrolled under this title is not eligible to  
23      be enrolled under an MA or MA–PD plan under part C  
24      of title XVIII.

25          “(c) DATE COVERAGE BEGINS.—

1           “(1) IN GENERAL.—The period during which  
2           an individual is entitled to benefits under this title  
3           shall begin as follows, but in no case earlier than  
4           January 1, 2007:

5                   “(A) In the case of an individual who is  
6                   enrolled under paragraph (1) or (2) of sub-  
7                   section (b), the date of birth or date of obtain-  
8                   ing appropriate citizenship or immigration sta-  
9                   tus, as the case may be.

10                   “(B) In the case of another individual who  
11                   enrolls (including pre-enrolls) before the month  
12                   in which the individual satisfies eligibility for  
13                   enrollment under subsection (a), the first day of  
14                   such month of eligibility.

15                   “(C) In the case of another individual who  
16                   enrolls during or after the month in which the  
17                   individual first satisfies eligibility for enrollment  
18                   under such subsection, the first day of the fol-  
19                   lowing month.

20           “(2) AUTHORITY TO PROVIDE FOR PARTIAL  
21           MONTHS OF COVERAGE.—Under regulations, the  
22           Secretary may, in the Secretary’s discretion, provide  
23           for coverage periods that include portions of a  
24           month in order to avoid lapses of coverage.



1           “(3) LIMITATION ON PAYMENTS.—No payments  
 2           may be made under this title with respect to the ex-  
 3           penses of an individual enrolled under this title un-  
 4           less such expenses were incurred by such individual  
 5           during a period which, with respect to the individual,  
 6           is a coverage period under this section.

7           “(d) EXPIRATION OF ELIGIBILITY.—An individual’s  
 8           coverage period under this section shall continue until the  
 9           individual’s enrollment has been terminated because the  
 10          individual no longer meets the requirements of subsection  
 11          (a) (whether because of age or change in immigration sta-  
 12          tus).

13          “(e) ENTITLEMENT TO MEDIKIDS BENEFITS FOR  
 14          ENROLLED INDIVIDUALS.—An individual enrolled under  
 15          this title is entitled to the benefits described in section  
 16          2202.

17          “(f) LOW-INCOME INFORMATION.—

18                 “(1) INQUIRY OF INCOME.—At the time of en-  
 19                 rollment of a child under this title, the Secretary  
 20                 shall make an inquiry as to whether the family in-  
 21                 come (as determined for purposes of section  
 22                 1905(p)) of the family that includes the child is  
 23                 within any of the following income ranges:

24                         “(A) UP TO 150 PERCENT OF POVERTY.—

25                 The income of the family does not exceed 150

1           percent of the poverty line for a family of the  
2           size involved.

3           “(B) BETWEEN 150 AND 200 PERCENT OF  
4           POVERTY.—The income of the family exceeds  
5           150 percent, but does not exceed 200 percent,  
6           of such poverty line.

7           “(C) BETWEEN 200 AND 300 PERCENT OF  
8           POVERTY.—The income of the family exceeds  
9           200 percent, but does not exceed 300 percent,  
10          of such poverty line.

11          “(2) CODING.—If the family income is within a  
12          range described in paragraph (1), the Secretary  
13          shall encode in the identification card issued in con-  
14          nection with eligibility under this title a code indi-  
15          cating the range applicable to the family of the child  
16          involved.

17          “(3) PROVIDER VERIFICATION THROUGH ELEC-  
18          TRONIC SYSTEM.—The Secretary also shall provide  
19          for an electronic system through which providers  
20          may verify which income range described in para-  
21          graph (1), if any, is applicable to the family of the  
22          child involved.

23          “(g) CONSTRUCTION.—Nothing in this title shall be  
24          construed as requiring (or preventing) an individual who  
25          is enrolled under this title from seeking medical assistance

1 under a State medicaid plan under title XIX or child  
2 health assistance under a State child health plan under  
3 title XXI.

4 **“SEC. 2202. BENEFITS.**

5 “(a) SECRETARIAL SPECIFICATION OF BENEFIT  
6 PACKAGE.—

7 “(1) IN GENERAL.—The Secretary shall specify  
8 the benefits to be made available under this title  
9 consistent with the provisions of this section and in  
10 a manner designed to meet the health needs of en-  
11 rollees.

12 “(2) UPDATING.—The Secretary shall update  
13 the specification of benefits over time to ensure the  
14 inclusion of age-appropriate benefits to reflect the  
15 enrollee population.

16 “(3) ANNUAL UPDATING.—The Secretary shall  
17 establish procedures for the annual review and up-  
18 dating of such benefits to account for changes in  
19 medical practice, new information from medical re-  
20 search, and other relevant developments in health  
21 science.

22 “(4) INPUT.—The Secretary shall seek the  
23 input of the pediatric community in specifying and  
24 updating such benefits.

1           “(5) LIMITATION ON UPDATING.—In no case  
 2       shall updating of benefits under this subsection re-  
 3       sult in a failure to provide benefits required under  
 4       subsection (b).

5           “(b) INCLUSION OF CERTAIN BENEFITS.—

6           “(1) MEDICARE CORE BENEFITS.—Such bene-  
 7       fits shall include (to the extent consistent with other  
 8       provisions of this section) at least the same benefits  
 9       (including coverage, access, availability, duration,  
 10      and beneficiary rights) that are available under  
 11      parts A and B of title XVIII.

12          “(2) ALL REQUIRED MEDICAID BENEFITS.—  
 13      Such benefits shall also include all items and serv-  
 14      ices for which medical assistance is required to be  
 15      provided under section 1902(a)(10)(A) to individuals  
 16      described in such section, including early and peri-  
 17      odic screening, diagnostic services, and treatment  
 18      services.

19          “(3) INCLUSION OF PRESCRIPTION DRUGS.—  
 20      Such benefits also shall include (as specified by the  
 21      Secretary) benefits for prescription drugs and  
 22      biologicals which are not less than the benefits for  
 23      such drugs and biologicals under the standard op-  
 24      tion for the service benefit plan described in section

1 8903(1) of title 5, United States Code, offered dur-  
2 ing 2005.

3 “(4) COST-SHARING.—

4 “(A) IN GENERAL.—Subject to subpara-  
5 graph (B), such benefits also shall include the  
6 cost-sharing (in the form of deductibles, coin-  
7 surance, and copayments) which is substantially  
8 similar to such cost-sharing under the health  
9 benefits coverage in any of the four largest  
10 health benefits plans (determined by enroll-  
11 ment) offered under chapter 89 of title 5,  
12 United States Code, and including an out-of-  
13 pocket limit for catastrophic expenditures for  
14 covered benefits, except that no cost-sharing  
15 shall be imposed with respect to early and peri-  
16 odic screening and diagnostic services included  
17 under paragraph (2).

18 “(B) REDUCED COST-SHARING FOR LOW  
19 INCOME CHILDREN.—Such benefits shall pro-  
20 vide that—

21 “(i) there shall be no cost-sharing for  
22 children in families the income of which is  
23 within the range described in section  
24 2201(f)(1)(A);

1 “(ii) the cost-sharing otherwise appli-  
2 cable shall be reduced by 75 percent for  
3 children in families the income of which is  
4 within the range described in section  
5 2201(f)(1)(B); or

6 “(iii) the cost-sharing otherwise appli-  
7 cable shall be reduced by 50 percent for  
8 children in families the income of which is  
9 within the range described in section  
10 2201(f)(1)(C).

11 “(C) CATASTROPHIC LIMIT ON COST-SHAR-  
12 ING.—For a refundable credit for cost-sharing  
13 in the case of cost-sharing in excess of a per-  
14 centage of the individual’s adjusted gross in-  
15 come, see section 36 of the Internal Revenue  
16 Code of 1986.

17 “(c) PAYMENT SCHEDULE.—The Secretary, with the  
18 assistance of the Medicare Payment Advisory Commission,  
19 shall develop and implement a payment schedule for bene-  
20 fits covered under this title. To the extent feasible, such  
21 payment schedule shall be consistent with comparable pay-  
22 ment schedules and reimbursement methodologies applied  
23 under parts A and B of title XVIII.

1       “(d) INPUT.—The Secretary shall specify such bene-  
 2       fits and payment schedules only after obtaining input from  
 3       appropriate child health providers and experts.

4       “(e) ENROLLMENT IN HEALTH PLANS.—The Sec-  
 5       retary shall provide for the offering of benefits under this  
 6       title through enrollment in a health benefit plan that  
 7       meets the same (or similar) requirements as the require-  
 8       ments that apply to Medicare Advantage plans under part  
 9       C of title XVIII (other than any such requirements that  
 10      relate to part D of such title). In the case of individuals  
 11      enrolled under this title in such a plan, the payment rate  
 12      shall be based on payment rates provided for under section  
 13      1853(c) in effect before the date of the enactment of the  
 14      Medicare Prescription Drug, Modernization, and Improve-  
 15      ment Act of 2003 (Public Law 108–173), except that such  
 16      payment rates shall be adjusted in an appropriate manner  
 17      to reflect differences between the population served under  
 18      this title and the population under title XVIII.

19   **“SEC. 2203. PREMIUMS.**

20       “(a) AMOUNT OF MONTHLY PREMIUMS.—

21           “(1) IN GENERAL.—The Secretary shall, during  
 22      September of each year (beginning with 2006), es-  
 23      tablish a monthly MediKids premium for the fol-  
 24      lowing year. Subject to paragraph (2), the monthly  
 25      MediKids premium for a year is equal to  $\frac{1}{12}$  of the

1 annual premium rate computed under subsection  
2 (b).

3 “(2) ELIMINATION OF MONTHLY PREMIUM FOR  
4 DEMONSTRATION OF EQUIVALENT COVERAGE (IN-  
5 CLUDING COVERAGE UNDER LOW-INCOME PRO-  
6 GRAMS).—The amount of the monthly premium im-  
7 posed under this section for an individual for a  
8 month shall be zero in the case of an individual who  
9 demonstrates to the satisfaction of the Secretary  
10 that the individual has basic health insurance cov-  
11 erage for that month. For purposes of the previous  
12 sentence enrollment in a medicaid plan under title  
13 XIX, a State child health insurance plan under title  
14 XXI, or under the medicare program under title  
15 XVIII is deemed to constitute basic health insurance  
16 coverage described in such sentence.

17 “(b) ANNUAL PREMIUM.—

18 “(1) NATIONAL PER CAPITA AVERAGE.—The  
19 Secretary shall estimate the average, annual per  
20 capita amount that would be payable under this title  
21 with respect to individuals residing in the United  
22 States who meet the requirement of section  
23 2201(a)(1) as if all such individuals were eligible for  
24 (and enrolled) under this title during the entire year



1 (and assuming that section 1862(b)(2)(A)(i) did not  
2 apply).

3 “(2) ANNUAL PREMIUM.—Subject to subsection  
4 (d), the annual premium under this subsection for  
5 months in a year is equal to 25 percent of the aver-  
6 age, annual per capita amount estimated under  
7 paragraph (1) for the year.

8 “(c) PAYMENT OF MONTHLY PREMIUM.—

9 “(1) PERIOD OF PAYMENT.—In the case of an  
10 individual who participates in the program estab-  
11 lished by this title, subject to subsection (d), the  
12 monthly premium shall be payable for the period  
13 commencing with the first month of the individual’s  
14 coverage period and ending with the month in which  
15 the individual’s coverage under this title terminates.

16 “(2) COLLECTION THROUGH TAX RETURN.—  
17 For provisions providing for the payment of monthly  
18 premiums under this subsection, see section 59B of  
19 the Internal Revenue Code of 1986.

20 “(3) PROTECTIONS AGAINST FRAUD AND  
21 ABUSE.—The Secretary shall develop, in coordina-  
22 tion with States and other health insurance issuers,  
23 administrative systems to ensure that claims which  
24 are submitted to more than one payor are coordi-  
25 nated and duplicate payments are not made.

1       “(d) REDUCTION IN PREMIUM FOR CERTAIN LOW-  
 2 INCOME FAMILIES.—For provisions reducing the premium  
 3 under this section for certain low-income families, see sec-  
 4 tion 59B(d) of the Internal Revenue Code of 1986.

5       **“SEC. 2204. MEDIKIDS TRUST FUND.**

6       “(a) ESTABLISHMENT OF TRUST FUND.—

7               “(1) IN GENERAL.—There is hereby created on  
 8 the books of the Treasury of the United States a  
 9 trust fund to be known as the ‘MediKids Trust  
 10 Fund’ (in this section referred to as the ‘Trust  
 11 Fund’). The Trust Fund shall consist of such gifts  
 12 and bequests as may be made as provided in section  
 13 201(i)(1) and such amounts as may be deposited in,  
 14 or appropriated to, such fund as provided in this  
 15 title.

16              “(2) PREMIUMS.—Premiums collected under  
 17 section 59B of the Internal Revenue Code of 1986  
 18 shall be periodically transferred to the Trust Fund.

19              “(3) TRANSITIONAL FUNDING BEFORE RECEIPT  
 20 OF PREMIUMS.—In order to provide for funds in the  
 21 Trust Fund to cover expenditures from the fund in  
 22 advance of receipt of premiums under section 2203,  
 23 there are transferred to the Trust Fund from the  
 24 general fund of the United States Treasury such  
 25 amounts as may be necessary.

1 “(b) INCORPORATION OF PROVISIONS.—

2 “(1) IN GENERAL.—Subject to paragraph (2),  
3 subsection (b) (other than the last sentence) and  
4 subsections (c) through (i) of section 1841 shall  
5 apply with respect to the Trust Fund and this title  
6 in the same manner as they apply with respect to  
7 the Federal Supplementary Medical Insurance Trust  
8 Fund and part B, respectively.

9 “(2) MISCELLANEOUS REFERENCES.—In apply-  
10 ing provisions of section 1841 under paragraph  
11 (1)—

12 “(A) any reference in such section to ‘this  
13 part’ is construed to refer to title XXII;

14 “(B) any reference in section 1841(h) to  
15 section 1840(d) and in section 1841(i) to sec-  
16 tions 1840(b)(1) and 1842(g) are deemed ref-  
17 erences to comparable authority exercised under  
18 this title;

19 “(C) payments may be made under section  
20 1841(g) to the Trust Funds under sections  
21 1817 and 1841 as reimbursement to such funds  
22 for payments they made for benefits provided  
23 under this title; and

24 “(D) the Board of Trustees of the  
25 MediKids Trust Fund shall be the same as the

1 Board of Trustees of the Federal Supple-  
2 mentary Medical Insurance Trust Fund.

3 **“SEC. 2205. OVERSIGHT AND ACCOUNTABILITY.**

4 “(a) PERIODIC GAO REPORTS.—The Comptroller  
5 General of the United States shall periodically submit to  
6 Congress reports on the operation of the program under  
7 this title, including on the financing of coverage provided  
8 under this title.

9 “(b) PERIODIC MEDPAC REPORTS.—The Medicare  
10 Payment Advisory Commission shall periodically report to  
11 Congress concerning the program under this title.

12 **“SEC. 2206. INCLUSION OF CARE COORDINATION SERVICES.**

13 “(a) IN GENERAL.—

14 “(1) PROGRAM AUTHORITY.—The Secretary,  
15 beginning in 2007, may implement a care coordina-  
16 tion services program in accordance with the provi-  
17 sions of this section under which, in appropriate cir-  
18 cumstances, eligible individuals under section 2201  
19 may elect to have health care services covered under  
20 this title managed and coordinated by a designated  
21 care coordinator.

22 “(2) ADMINISTRATION BY CONTRACT.—The  
23 Secretary may administer the program under this  
24 section through a contract with an appropriate pro-  
25 gram administrator.

1           “(3) COVERAGE.—Care coordination services  
 2           furnished in accordance with this section shall be  
 3           treated under this title as if they were included in  
 4           the definition of medical and other health services  
 5           under section 1861(s) and benefits shall be available  
 6           under this title with respect to such services without  
 7           the application of any deductible or coinsurance.

8           “(b) ELIGIBILITY CRITERIA; IDENTIFICATION AND  
 9 NOTIFICATION OF ELIGIBLE INDIVIDUALS.—

10           “(1) INDIVIDUAL ELIGIBILITY CRITERIA.—The  
 11           Secretary shall specify criteria to be used in making  
 12           a determination as to whether an individual may ap-  
 13           propriately be enrolled in the care coordination serv-  
 14           ices program under this section, which shall include  
 15           at least a finding by the Secretary that for cohorts  
 16           of individuals with characteristics identified by the  
 17           Secretary, professional management and coordina-  
 18           tion of care can reasonably be expected to improve  
 19           processes or outcomes of health care and to reduce  
 20           aggregate costs to the programs under this title.

21           “(2) PROCEDURES TO FACILITATE ENROLL-  
 22           MENT.—The Secretary shall develop and implement  
 23           procedures designed to facilitate enrollment of eligi-  
 24           ble individuals in the program under this section.

25           “(c) ENROLLMENT OF INDIVIDUALS.—

1           “(1) SECRETARY’S DETERMINATION OF ELIGI-  
2           BILITY.—The Secretary shall determine the eligi-  
3           bility for services under this section of individuals  
4           who are enrolled in the program under this section  
5           and who make application for such services in such  
6           form and manner as the Secretary may prescribe.

7           “(2) ENROLLMENT PERIOD.—

8           “(A) EFFECTIVE DATE AND DURATION.—  
9           Enrollment of an individual in the program  
10          under this section shall be effective as of the  
11          first day of the month following the month in  
12          which the Secretary approves the individual’s  
13          application under paragraph (1), shall remain  
14          in effect for one month (or such longer period  
15          as the Secretary may specify), and shall be  
16          automatically renewed for additional periods,  
17          unless terminated in accordance with such pro-  
18          cedures as the Secretary shall establish by regu-  
19          lation. Such procedures shall permit an indi-  
20          vidual to disenroll for cause at any time and  
21          without cause at re-enrollment intervals.

22          “(B) LIMITATION ON REENROLLMENT.—  
23          The Secretary may establish limits on an indi-  
24          vidual’s eligibility to reenroll in the program  
25          under this section if the individual has

1           disenrolled from the program more than once  
2           during a specified time period.

3           “(d) PROGRAM.—The care coordination services pro-  
4 gram under this section shall include the following ele-  
5 ments:

6           “(1) BASIC CARE COORDINATION SERVICES.—

7                   “(A) IN GENERAL.—Subject to the cost-ef-  
8 fectiveness criteria specified in subsection  
9 (b)(1), except as otherwise provided in this sec-  
10 tion, enrolled individuals shall receive services  
11 described in section 1905(t)(1) and may receive  
12 additional items and services as described in  
13 subparagraph (B).

14                   “(B) ADDITIONAL BENEFITS.—The Sec-  
15 retary may specify additional benefits for which  
16 payment would not otherwise be made under  
17 this title that may be available to individuals  
18 enrolled in the program under this section (sub-  
19 ject to an assessment by the care coordinator of  
20 an individual’s circumstance and need for such  
21 benefits) in order to encourage enrollment in, or  
22 to improve the effectiveness of, such program.

23           “(2) CARE COORDINATION REQUIREMENT.—

24           Notwithstanding any other provision of this title, the  
25 Secretary may provide that an individual enrolled in

1 the program under this section may be entitled to  
2 payment under this title for any specified health  
3 care items or services only if the items or services  
4 have been furnished by the care coordinator, or co-  
5 ordinated through the care coordination services pro-  
6 gram. Under such provision, the Secretary shall pre-  
7 scribe exceptions for emergency medical services as  
8 described in section 1852(d)(3), and other excep-  
9 tions determined by the Secretary for the delivery of  
10 timely and needed care.

11 “(e) CARE COORDINATORS.—

12 “(1) CONDITIONS OF PARTICIPATION.—In order  
13 to be qualified to furnish care coordination services  
14 under this section, an individual or entity shall—

15 “(A) be a health care professional or entity  
16 (which may include physicians, physician group  
17 practices, or other health care professionals or  
18 entities the Secretary may find appropriate)  
19 meeting such conditions as the Secretary may  
20 specify;

21 “(B) have entered into a care coordination  
22 agreement; and

23 “(C) meet such criteria as the Secretary  
24 may establish (which may include experience in



1 the provision of care coordination or primary  
2 care physician's services).

3 “(2) AGREEMENT TERM; PAYMENT.—

4 “(A) DURATION AND RENEWAL.—A care  
5 coordination agreement under this subsection  
6 shall be for one year and may be renewed if the  
7 Secretary is satisfied that the care coordinator  
8 continues to meet the conditions of participa-  
9 tion specified in paragraph (1).

10 “(B) PAYMENT FOR SERVICES.—The Sec-  
11 retary may negotiate or otherwise establish pay-  
12 ment terms and rates for services described in  
13 subsection (d)(1).

14 “(C) LIABILITY.—Care coordinators shall  
15 be subject to liability for actual health damages  
16 which may be suffered by recipients as a result  
17 of the care coordinator's decisions, failure or  
18 delay in making decisions, or other actions as  
19 a care coordinator.

20 “(D) TERMS.—In addition to such other  
21 terms as the Secretary may require, an agree-  
22 ment under this section shall include the terms  
23 specified in subparagraphs (A) through (C) of  
24 section 1905(t)(3).

1 **“SEC. 2207. ADMINISTRATION AND MISCELLANEOUS.**

2 “(a) IN GENERAL.—Except as otherwise provided in  
3 this title—

4 “(1) the Secretary shall enter into appropriate  
5 contracts with providers of services, other health  
6 care providers, carriers, and fiscal intermediaries,  
7 taking into account the types of contracts used  
8 under title XVIII with respect to such entities, to  
9 administer the program under this title;

10 “(2) beneficiary protections for individuals en-  
11 rolled under this title shall not be less than the ben-  
12 eficiary protections (including limits on balance bill-  
13 ing) provided medicare beneficiaries under title  
14 XVIII;

15 “(3) benefits described in section 2202 that are  
16 payable under this title to such individuals shall be  
17 paid in a manner specified by the Secretary (taking  
18 into account, and based to the greatest extent prac-  
19 ticable upon, the manner in which they are provided  
20 under title XVIII); and

21 “(4) provider participation agreements under  
22 title XVIII shall apply to enrollees and benefits  
23 under this title in the same manner as they apply  
24 to enrollees and benefits under title XVIII.

25 “(b) COORDINATION WITH MEDICAID AND  
26 SCHIP.—Notwithstanding any other provision of law, in-

1 individuals entitled to benefits for items and services under  
 2 this title who also qualify for benefits under title XIX or  
 3 XXI or any other Federally funded health care program  
 4 that provides basic health insurance coverage described in  
 5 section 2203(a)(2) may continue to qualify and obtain  
 6 benefits under such other title or program, and in such  
 7 case such an individual shall elect either—

8           “(1) such other title or program to be primary  
 9       payor to benefits under this title, in which case no  
 10       benefits shall be payable under this title and the  
 11       monthly premium under section 2203 shall be zero;  
 12       or

13           “(2) benefits under this title shall be primary  
 14       payor to benefits provided under such title or pro-  
 15       gram, in which case the Secretary shall enter into  
 16       agreements with States as may be appropriate to  
 17       provide that, in the case of such individuals, the ben-  
 18       efits under titles XIX and XXI or such other pro-  
 19       gram (including reduction of cost-sharing) are pro-  
 20       vided on a ‘wrap-around’ basis to the benefits under  
 21       this title.”.

22       (b) CONFORMING AMENDMENTS TO SOCIAL SECU-  
 23       RITY ACT PROVISIONS.—

24           (1) Section 201(i)(1) of the Social Security Act  
 25       (42 U.S.C. 401(i)(1)) is amended by striking “or the

1 Federal Supplementary Medical Insurance Trust  
 2 Fund” and inserting “the Federal Supplementary  
 3 Medical Insurance Trust Fund, and the MediKids  
 4 Trust Fund”.

5 (2) Section 201(g)(1)(A) of such Act (42  
 6 U.S.C. 401(g)(1)(A)) is amended by striking “and  
 7 the Federal Supplementary Medical Insurance Trust  
 8 Fund established by title XVIII” and inserting “,  
 9 the Federal Supplementary Medical Insurance Trust  
 10 Fund, and the MediKids Trust Fund established by  
 11 title XVIII”.

12 (c) MAINTENANCE OF MEDICAID ELIGIBILITY AND  
 13 BENEFITS FOR CHILDREN.—

14 (1) IN GENERAL.—In order for a State to con-  
 15 tinue to be eligible for payments under section  
 16 1903(a) of the Social Security Act (42 U.S.C.  
 17 1396b(a))—

18 (A) the State may not reduce standards of  
 19 eligibility, or benefits, provided under its State  
 20 medicaid plan under title XIX of the Social Se-  
 21 curity Act or under its State child health plan  
 22 under title XXI of such Act for individuals  
 23 under 23 years of age below such standards of  
 24 eligibility, and benefits, in effect on the date of  
 25 the enactment of this Act; and

1 (B) the State shall demonstrate to the sat-  
 2 isfaction of the Secretary of Health and Human  
 3 Services that any savings in State expenditures  
 4 under title XIX or XXI of the Social Security  
 5 Act that results from children enrolling under  
 6 title XXII of such Act shall be used in a man-  
 7 ner that improves services to beneficiaries  
 8 under title XIX of such Act, such as through  
 9 expansion of eligibility, improved nurse and  
 10 nurse aide staffing and improved inspections of  
 11 nursing facilities, and coverage of additional  
 12 services.

13 (2) MEDIKIDS AS PRIMARY PAYOR.—In apply-  
 14 ing title XIX of the Social Security Act, the  
 15 MediKids program under title XXII of such Act  
 16 shall be treated as a primary payor in cases in which  
 17 the election described in section 2207(b)(2) of such  
 18 Act, as added by subsection (a), has been made.

19 (d) EXPANSION OF MEDPAC MEMBERSHIP TO 19.—

20 (1) IN GENERAL.—Section 1805(c) of the So-  
 21 cial Security Act (42 U.S.C. 1395b–6(c)) is amend-  
 22 ed—

23 (A) in paragraph (1), by striking “17” and  
 24 inserting “19”; and

1 (B) in paragraph (2)(B), by inserting “ex-  
 2 perts in children’s health,” after “other health  
 3 professionals,”.

4 (2) INITIAL TERMS OF ADDITIONAL MEM-  
 5 BERS.—

6 (A) IN GENERAL.—For purposes of stag-  
 7 gering the initial terms of members of the  
 8 Medicare Payment Advisory Commission under  
 9 section 1805(c)(3) of the Social Security Act  
 10 (42 U.S.C. 1395b–6(c)(3)), the initial terms of  
 11 the 2 additional members of the Commission  
 12 provided for by the amendment under sub-  
 13 section (a)(1) are as follows:

14 (i) One member shall be appointed for  
 15 1 year.

16 (ii) One member shall be appointed  
 17 for 2 years.

18 (B) COMMENCEMENT OF TERMS.—Such  
 19 terms shall begin on January 1, 2006.

20 (3) DUTIES.—Section 1805(b)(1)(A) of such  
 21 Act (42 U.S.C. 1395b–6(b)(1)(A)) is amended by in-  
 22 serting before the semicolon at the end the following:  
 23 “and payment policies under title XXII”.

1 **SEC. 3. MEDIKIDS PREMIUM.**

2 (a) GENERAL RULE.—Subchapter A of chapter 1 of  
3 the Internal Revenue Code of 1986 (relating to determina-  
4 tion of tax liability) is amended by adding at the end the  
5 following new part:

6 **“PART VIII—MEDIKIDS PREMIUM**

“Sec. 59B. MediKids premium.

7 **“SEC. 59B. MEDIKIDS PREMIUM.**

8 “(a) IMPOSITION OF TAX.—In the case of a taxpayer  
9 to whom this section applies, there is hereby imposed (in  
10 addition to any other tax imposed by this subtitle) a  
11 MediKids premium for the taxable year.

12 “(b) INDIVIDUALS SUBJECT TO PREMIUM.—

13 “(1) IN GENERAL.—This section shall apply to  
14 a taxpayer if a MediKid is a dependent of the tax-  
15 payer for the taxable year.

16 “(2) MEDIKID.—For purposes of this section,  
17 the term ‘MediKid’ means any individual enrolled in  
18 the MediKids program under title XXII of the Social  
19 Security Act.

20 “(c) AMOUNT OF PREMIUM.—For purposes of this  
21 section, the MediKids premium for a taxable year is the  
22 sum of the monthly premiums (for months in the taxable  
23 year) determined under section 2203 of the Social Secu-  
24 rity Act with respect to each MediKid who is a dependent  
25 of the taxpayer for the taxable year.

1       “(d) EXCEPTIONS BASED ON ADJUSTED GROSS IN-  
2 COME.—

3               “(1) EXEMPTION FOR VERY LOW-INCOME TAX-  
4 PAYERS.—

5               “(A) IN GENERAL.—No premium shall be  
6 imposed by this section on any taxpayer having  
7 an adjusted gross income not in excess of the  
8 exemption amount.

9               “(B) EXEMPTION AMOUNT.—For purposes  
10 of this paragraph, the exemption amount is—

11               “(i) \$19,245 in the case of a taxpayer  
12 having 1 MediKid,

13               “(ii) \$24,135 in the case of a tax-  
14 payer having 2 MediKids,

15               “(iii) \$29,025 in the case of a tax-  
16 payer having 3 MediKids, and

17               “(iv) \$33,915 in the case of a tax-  
18 payer having 4 or more MediKids.

19               “(C) PHASEOUT OF EXEMPTION.—In the  
20 case of a taxpayer having an adjusted gross in-  
21 come which exceeds the exemption amount but  
22 does not exceed twice the exemption amount,  
23 the premium shall be the amount which bears  
24 the same ratio to the premium which would  
25 (but for this subparagraph) apply to the tax-



1           payer as such excess bears to the exemption  
2           amount.

3                   “(D) INFLATION ADJUSTMENT OF EXEMP-  
4           TION AMOUNTS.—In the case of any taxable  
5           year beginning in a calendar year after 2005,  
6           each dollar amount contained in subparagraph  
7           (C) shall be increased by an amount equal to  
8           the product of—

9                           “(i) such dollar amount, and

10                           “(ii) the cost-of-living adjustment de-  
11                   termined under section 1(f)(3) for the cal-  
12                   endar year in which the taxable year be-  
13                   gins, determined by substituting ‘calendar  
14                   year 2004’ for ‘calendar year 1992’ in sub-  
15                   paragraph (B) thereof.

16           If any increase determined under the preceding  
17           sentence is not a multiple of \$50, such increase  
18           shall be rounded to the nearest multiple of \$50.

19                   “(2) PREMIUM LIMITED TO 5 PERCENT OF AD-  
20           JUSTED GROSS INCOME.—In no event shall any tax-  
21           payer be required to pay a premium under this sec-  
22           tion in excess of an amount equal to 5 percent of the  
23           taxpayer’s adjusted gross income.

24                   “(e) COORDINATION WITH OTHER PROVISIONS.—

1 “(1) NOT TREATED AS MEDICAL EXPENSE.—

2 For purposes of this chapter, any premium paid  
3 under this section shall not be treated as expense for  
4 medical care.

5 “(2) NOT TREATED AS TAX FOR CERTAIN PUR-  
6 POSES.—The premium paid under this section shall  
7 not be treated as a tax imposed by this chapter for  
8 purposes of determining—

9 “(A) the amount of any credit allowable  
10 under this chapter, or

11 “(B) the amount of the minimum tax im-  
12 posed by section 55.

13 “(3) TREATMENT UNDER SUBTITLE F.—For  
14 purposes of subtitle F, the premium paid under this  
15 section shall be treated as if it were a tax imposed  
16 by section 1.”.

17 (b) TECHNICAL AMENDMENTS.—

18 (1) Subsection (a) of section 6012 of such Code  
19 is amended by inserting after paragraph (9) the fol-  
20 lowing new paragraph:

21 “(10) Every individual liable for a premium  
22 under section 59B.”.

23 (2) The table of parts for subchapter A of chap-  
24 ter 1 of such Code is amended by adding at the end  
25 the following new item:

“PART VIII. MEDIKIDS PREMIUM”.

1 (c) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to months beginning after Decem-  
 3 ber 2006, in taxable years ending after such date.

4 **SEC. 4. REFUNDABLE CREDIT FOR CERTAIN COST-SHARING**  
 5 **EXPENSES UNDER MEDIKIDS PROGRAM.**

6 (a) IN GENERAL.—Subpart C of part IV of sub-  
 7 chapter A of chapter 1 of the Internal Revenue Code of  
 8 1986 (relating to refundable credits) is amended by redes-  
 9 ignating section 36 as section 37 and by inserting after  
 10 section 35 the following new section:

11 **“SEC. 36. CATASTROPHIC LIMIT ON COST-SHARING EX-**  
 12 **PENSES UNDER MEDIKIDS PROGRAM.**

13 “(a) IN GENERAL.—

14 “In the case of a taxpayer who has a MediKid  
 15 (as defined in section 59B) at any time during the  
 16 taxable year, there shall be allowed as a credit  
 17 against the tax imposed by this subtitle an amount  
 18 equal to the excess of—

19 “(1) the amount paid by the taxpayer during  
 20 the taxable year as cost-sharing under section  
 21 2202(b)(4) of the Social Security Act, over

22 “(2) 5 percent of the taxpayer’s adjusted gross  
 23 income for the taxable year.”.

24 (b) COORDINATION WITH OTHER PROVISIONS.—The  
 25 excess described in subsection (a) shall not be taken into

1 account in computing the amount allowable to the tax-  
 2 payer as a deduction under section 162(l) or 213(a).

3 (c) TECHNICAL AMENDMENTS.—

4 (1) The table of sections for subpart C of part  
 5 IV of subchapter A of chapter 1 of such Code is  
 6 amended by redesignating the item relating to sec-  
 7 tion 36 as an item relating to section 37 and by in-  
 8 serting before such item the following new item:

“Sec. 36. Catastrophic limit on cost-sharing expenses under MediKids pro-  
 gram.”.

9 (2) Paragraph (2) of section 1324(b) of title  
 10 31, United States Code, is amended by inserting “or  
 11 36” after “section 35”.

12 (d) EFFECTIVE DATE.—The amendments made by  
 13 this section shall apply to taxable years beginning after  
 14 December 31, 2006.

15 **SEC. 5. REPORT ON LONG-TERM REVENUES.**

16 Within one year after the date of the enactment of  
 17 this Act, the Secretary of the Treasury shall propose a  
 18 gradual schedule of progressive tax changes to fund the  
 19 program under title XXII of the Social Security Act, as  
 20 the number of enrollees grows in the out-years.

○